

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 INRE-00 SSO-00 AID-05 CIAE-00
COME-00 EB-08 FRB-03 INR-07 NSAE-00 TRSE-00
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O R 020545Z FEB 78
FM AMEMBASSY ANKARA
TO SECSTATE WASHDC IMMEDIATE 521
USIA WASHDC
INFO AMCONSUL ADANA
AMEMBASSY ATHENS
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMCONSUL ISTANBUL
AMCONSUL IZMIR
AMEMBASSY NICOSIA
AMEMBASSY PARIS
CINCUSAFE
USCINCEUR
USDOCOLANDSOUTHEAST IZMIR
USDOCOSOUTH NAPLES
USMISSION GENEVA
USMISSION USNATO

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E.O. 11652: NA
TAGS: EGEN, TU
SUBJECT: ECEVIT GOVERNMENT'S ECONOMIC POLICIES: RECENT
INTERVIEWS

SUMMARY: GENERAL ATTITUDES TOWARD ECONOMIC MANAGEMENT AND THE

STRUCTURE OF ECONOMIC POLICY-MAKING IN THE NEW ECEVIT GOVERNMENT WERE INDICATED IN PRESS INTERVIEWS WITH MINISTER OF FINANCE MUEZZINOGLU AND MINISTER OF STATE HIKMET CETIN. ATTITUDES EXPRESSED WERE NOT SURPRISING. THEY INDICATE A PRAGMATIC APPROACH. END SUMMARY.

1. LIBERAL PRO-GOVERNMENT DAILY MILLIYET RECENTLY PUBLISHED A SERIES OF EXTENSIVE INTERVIEWS BY PUBLICATIONS DIRECTOR ABDI IPEKCI WITH KEY FIGURES CONCERNED WITH ECONOMIC POLICY IN THE NEW ECEVIT GOVERNMENT. IPEKCI INTERVIEWED (SEPARATELY) ZIYA MUEZZINOGLU, MINISTER OF FINANCE, AND HIKMET CETIN WHO IS MINISTER OF STATE AND ECONOMIC AFFAIRS COORDINATOR IN THE NEW GOVERNMENT, AND WHO HAD BEEN CHIEF OF ECONOMIC PLANNING IN THE STATE PLANNING ORGANIZATION UNTIL HE WAS ELECTED TO PARLIAMENT LAST JUNE.

2. IT APPEARS THAT THE NEW GOVERNMENT'S ECONOMIC POLICIES WILL BE UNDER THE CONTROL OF THE TWO POWERFUL MEN INTERVIEWED. THE MINISTER OF FINANCE IS TRADITIONALLY THE CHIEF ARBITER OF ECONOMIC POLICY IN TURKEY. MUEZZINOGLU BRINGS TO HIS OFFICE EMINENT QUALIFICATIONS IN EXPERIENCE AND FORECEFULNESS OF PERSONALITY AND DRIVE. CETIN IS FREQUENTLY DESCRIBED AS A SKILLFUL BUREAUCRAT WHO IS ALSO ABLE IN THE ECONOMIC AREA BUT DEFINITELY TILTED TO THE LEFT OF CENTER. AS ECONOMIC COORDINATOR, CETIN HAS INDICATED THAT HE WILL NOT HEAD A NEW ORGANIZATION OR HAVE HIS OWN LARGE SEPARATE STAFF; RATHER, HE WILL COORDINATE THE ACTIVITIES OF THE ECONOMIC AGENCIES. SOME OF CETIN'S PRESENT FUNCTIONS, PARTICULARLY AS SUPERVISOR OR LIMITED OFFICIAL USE

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INVESTMENT POLICY AND IMPLEMENTATION, HAVE IN THE PAST BEEN THE RESPONSIBILITY OF THE FINANCE MINISTER. EMBASSY DOES NOT YET KNOW WHICH OF THE TWO WILL BE PREDOMINANT OR HOW WELL THEY WILL WORK TOGETHER.

3. MUEZZINOGLU AND CETIN DISCUSSED TURKEY'S ECONOMIC SITUATION AND THEIR APPROACH TO EXISTING PROBLEMS. THE FOLLOWING THEMES EMERGED: THE TURKISH ECONOMY MUST CONTINUE TO EXPAND TO PROVIDE JOBS FOR A GROWING POPULATION. DEVELOPMENT INVESTMENT SHOULD BE CONCENTRATED IN INFRA-STRUCTURE PROJECTS (ENERGY, COMMUNICATIONS, TRANSPORT). SHORT-TERM BORROWING IS A MISTAKE; IN PARTICULAR, THE CONVERTIBLE LIRA DEPOSIT SCHEME MUST BE BROUGHT TO AN END. DEVELOPMENT SHOULD BE FINANCED WITH PROJECT CREDITS. "EXTRAVAGANCE" IN ALL SECTORS INCLUDING GOVERNMENT, AND CONSPICUOUS, LUXUARY CONSUMPTION MUST BE ENDED. (ADVERTISMENT OF CONSUMER GOODS IS A QUIRKY PET PEEVE OF THE ECEVIT GOVERNMENT.) INFLATION IS TO BE REDUCED THROUGH AN OVERALL APPROACH THAT COMBINES REDUCING GOVERNMENT DEFICITS, RESTRUCTURING FOREIGN BORROWING, AND, POSSIBLY, WAGE RESTRAINT. INCREASED WORKER REMITTANCES MUST BE ENCOURAGED. THE TURKISH GOVERNMENT WILL SET ITS OWN POLICIES, THEN TALK WITH THE IMF.

4. IN THESE LENGTHY INTERVIEWS, HOWEVER, CETIN AND MUEZZINOGLU EXPRESSED RATHER OBVIOUS COURSES FOR IMPROVING THE TURKISH ECONOMIC SITUATION. DISAPPOINTINGLY, THEY SHOWED THEMSELVES TO BE COMMITTED, LIKE PREVIOUS GOVERNMENTS, TO A HIGH DEGREE OF GOVERNMENT CONTROL OVER ECONOMIC ACTIVITY. THEY SUPPORT STATE ECONOMIC ENTERPRISES, EXCHANGE CONTROL, PRICE CONTROLS OVER BASIC COMMODITIES, AGRICULTURAL PRODUCTION AND EXPORT SUBSIDIES, AND IMPORT QUOTAS. CETIN AND MUEZZINOGLU PROMISED "TRUSTWORTHY, HARMONIOUS, AND EFFECTIVE" ADMINISTRATION OF THE EXISTING SYSTEM, IN CONTRAST TO PARALYSIS IN DECISION-MAKING THAT CHARACTERIZED PREDECESSOR COALITION GOVERNMENT.

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Message Attributes

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